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**CANADIAN
GENERAL ELECTRIC
COMPANY
LIMITED**

**ANNUAL
REPORT
1943**

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MCGILL UNIVERSITY

PEAT, MARWICK, MITCHELL & CO.

Chartered Accountants

25 King Street West,
Toronto
March 7, 1944.

To the Shareholders,
Canadian General Electric Company, Limited.

We have examined the Balance Sheet of the Canadian General Electric Company, Limited, as of December 31, 1943, and the statement of Income and Earned Surplus for the year then ended, have reviewed the system of internal control and the accounting procedures of the Company and, without making a detailed audit of the transactions, have examined or tested accounting records of the Company and other supporting evidence, by methods and to the extent we deemed appropriate.

The cash and bank balances have been confirmed by count or by certificates from the depositaries.

The marketable and other securities were inspected or confirmed by acknowledgments from the custodians.

We have scrutinized the accounts and notes receivable and believe that full provision has been made for possible losses through doubtful debts. Requests for confirmation of accounts receivable were mailed to a number of debtors, selected by us, and notifications of exceptions were explained to our satisfaction.

Certified inventories of merchandise, work in progress and materials and supplies have been submitted to us. We have satisfied ourselves that these inventories have been taken in a careful manner, that ample allowance has been made for inactive and obsolete stocks and that they are conservatively stated at an amount not exceeding the lower of cost or market value, less reserves. We reviewed the plan and system of control adopted for inventory purposes and observed the taking of the inventory with respect to certain items selected by us, thereby satisfying ourselves that the methods of taking and recording the quantities were carried out effectively.

Expenditures charged to the property, plant and equipment accounts during the year, in our opinion, were properly capitalized as representing additions or improvements. The provision for depreciation for the year appears to be adequate.

All ascertained liabilities have been included in the accounts.

In accordance with Section 114 of the Companies Act, 1934, we report that the earnings of subsidiary Companies for 1943 are included in income from investments in the attached income statement only to the extent of dividends received; such dividends were not in excess of the Company's share of the aggregate of the profits of all subsidiaries.

We report that, in our opinion, based upon such examination, the accompanying Balance Sheet and related statement of Income and Earned Surplus are properly drawn up so as to exhibit, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year, a true and correct view of the state of the Company's affairs as of December 31, 1943, and the results of its operations for the year then ended, according to the best of our information and the explanations given to us and as shown by the books of the Company.

PEAT, MARWICK, MITCHELL & CO.,
Auditors.

STATEMENT OF INCOME AND EARNED SURPLUS

YEAR ENDED DECEMBER 31, 1943

Income from operations, after deducting depreciation of \$1,724,493.06, salaries of officials and legal expenses of \$118,880.71 and Directors' fees of \$8,250.00.....	\$ 6,196,615.64
Income from investments.....	532,866.45
Profits from securities sold less transfer to securities reserve.....	79,820.62
Net income for the year before providing for income and excess profits taxes and transfer to reserve for post-war adjustments and contingencies.....	\$ 6,809,302.71
Provision for estimated income and excess profits taxes.....	\$ 4,800,000.00
Less: Post-war refund of excess profits taxes.....	685,000.00
Transfer to reserve for post-war adjustments and contingencies.....	685,000.00
	\$ 4,800,000.00
Net income for the year.....	\$ 2,009,302.71
Earned surplus as of January 1, 1943.....	11,220,998.13
Earned surplus available for dividends	\$13,230,300.84
Dividends on preferred stock .. \$ 115,000.00	
Dividends on common stock .. 1,510,760.00	
	1,625,760.00
Earned surplus as of December 31, 1943.....	<u><u>\$11,604,540.84</u></u>

CANADIAN GENERAL ELE
BALANCE SHEET

ASSETS

Current assets:

Cash on hand and in banks.....	\$ 3,677,126.67
Dominion Government treasury bills.....	1,997,960.00
Dominion Government bonds.....	6,257,625.00
(Quoted market value \$6,262,937.50)	
Accounts and notes receivable, less reserve	7,321,386.51
Inventories at not exceeding the lower of cost or market value, as determined and certified to by the management, less reserves.....	13,331,857.26

\$32,585,955.44

Less: Progress collections on contracts...	2,210,492.25
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Total current assets \$30,375,463.19

Other assets:

Investment securities, less reserves.....	\$ 2,320,312.32
(Quoted market value \$2,567,665.78)	
Securities of subsidiary companies.....	428,213.81
Post-war refund of excess profits tax, estimated.....	1,230,000.00
Employees' savings plan.....	1,600.00
Prepaid expenses.....	51,552.90

Total other assets \$ 4,031,679.03

Fixed assets:

Manufacturing plant, including land, buildings and machinery; head office and branch office properties; at cost...	\$21,655,414.79
Less: Depreciation reserves.....	13,309,485.18

\$ 8,345,929.61

Patents and franchise.....	1.00
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Total fixed assets \$ 8,345,930.61

\$42,753,072.83

Signed on behalf of the Board:

D. C. DURLAND, DIRECTOR.
H. M. TURNER, DIRECTOR.

CTRIG COMPANY, LIMITED

DECEMBER 31, 1943

LIABILITIES AND CAPITAL**Current liabilities:**

Accounts payable.....	\$ 5,265,947.10
Taxes payable, including provision for estimated income and excess profits taxes.....	2,579,078.67
Sundry accrued charges.....	1,584,658.94
Dividend declared on preferred stock.....	28,750.00
Dividend declared on common stock.....	377,690.00
Total current liabilities	\$ 9,836,124.71

Reserve for post-war adjustments and contingencies:

Transferred from income...	\$685,000.00
Transferred from general reserve.....	545,000.00
	<u>\$ 1,230,000.00</u>

General reserve **\$ 8,340,157.28**

Capital stock:**Special Employees' Preferred:**

Authorized—50,000 shares, par value \$50.00 each (callable at par).	
Issued—46,000 shares.....	\$ 2,300,000.00

Common:

Authorized and issued—188,845 shares, par value \$50.00 each.....	9,442,250.00
Total capital stock.....	\$11,742,250.00

Earned surplus as of December 31, 1943	\$11,604,540.84
	<u><u>\$42,753,072.83</u></u>

The auditors' report to the Shareholders appears on the first page.

ANNUAL REPORT OF THE DIRECTORS
TO THE SHAREHOLDERS OF
CANADIAN GENERAL ELECTRIC COMPANY, LIMITED

TORONTO, CANADA

MARCH 15, 1944

The Board of Directors submit herewith the Balance Sheet of your Company as of December 31, 1943, and Statement of Income and Earned Surplus, certified by the Company's Auditors, Peat, Marwick, Mitchell & Co., Chartered Accountants.

The volume of orders received during 1943, although maintained at a high level, was somewhat less than in 1942. Production and sales billed in 1943 were greater but, owing to increased output of war equipment and materials, the profit margin was lower.

The Company continues to devote most of its manufacturing facilities to production for war purposes. Together with the manufacture of weapons and supplies for the fighting services, it is producing electrical and mechanical equipment essential in the operation of other war plants.

Insofar as possible, without interfering with its war work, the Company is making a careful study of the conditions and problems anticipated in the post-war period.

Net profits for the year, after deduction of all charges, including depreciation and income and excess profits taxes, amounted to \$2,009,303, as compared with \$2,327,452 in 1942, a decrease of \$318,149, or 13.7%. Depreciation charges against income amounted to \$1,724,493.

Provision for estimated income and excess profits taxes was \$4,800,000, of which \$685,000 represented the post-war refundable portion, and this amount was set aside as a reserve for post-war adjustments and contingencies. An amount of \$545,000, equivalent to the refundable portion of the 1942 income and excess profits taxes, was trans-

ferred from the general reserve, thus making the total reserve for post-war adjustments and contingencies \$1,230,000.

Dividends on the Special Employees' Preferred Stock at the rate of 5% per annum, and on the Common Stock at \$8.00 per share, totaled \$1,625,760, the same as in 1942, and the sum of \$383,543 was added to earned surplus, making the balance in that account \$11,604,541 at December 31, 1943.

The Company has no funded debt, notes payable, or other interest bearing obligations of any kind.

Current assets amounted to \$30,375,463, an increase of \$4,318,290, while current liabilities totaled \$9,836,125, an increase of \$2,474,935. The excess of current assets over current liabilities, or working capital, amounted to \$20,539,338, an increase of \$1,843,355.

Cash amounted to \$3,677,127, Dominion Treasury Bills \$1,997,960, Government Bonds \$6,257,625, and investments other than Government Bonds \$2,320,312. These items aggregated \$14,253,024, a decrease of \$1,321,902. Government Bonds are carried in the Balance Sheet at the lower of par or market value, other investment securities are carried at values not exceeding either cost or market, and securities of subsidiary companies are conservatively valued at \$428,214.

Accounts and notes receivable amounted to \$7,321,386, an increase of \$1,732,854, and adequate reserves are provided for possible losses. Inventories of \$13,331,857 show an increase of \$1,412,194. In accordance with the established practice of the Company, inventories are valued at an amount not exceeding the lower of cost or market value, and provision has been made for obsolescence and shrinkage in value.

The Company's manufacturing plants and other properties have been maintained in excellent condition. Expenditures for additions and replacements in 1943 amounted to \$1,219,851.

During 1943 an amount of \$455,000 was paid into the Canadian General Electric Pension Trust, making a total of \$2,355,000 paid into this Trust by the Company.

39,328 shares of Special Employees' 5% Preferred Stock, having a par value of \$1,966,400, were held by the employees of the Company on December 31, 1943. An extra payment of 2% was made in 1943 to employees holding shares under the Employees' Savings and Investment Plan. The employees have liberally subscribed during the war period for Victory Loan Bonds to an amount of \$3,930,400, and have purchased \$1,061,318 of War Savings Certificates, a total of \$4,991,718. Employees to the number of 2,192 have enlisted in the armed forces of Canada.

Your Directors deeply regret the retirement of Mr. Albert E. Dymont from the Board due to ill health. Mr. Dymont was a Director of the Company for thirty-five years, and also served successively as Vice-President, President and Chairman of the Board. Your Directors record with profound sorrow the death of Mr. Stephen Haas. Mr. Haas was a member of the Board for twenty-five years, and a Vice-President for twenty years. Mr. H. M. Turner and Mr. J. C. Macfarlane, K.C., Vice-Presidents of the Company, have been elected to the Board of Directors.

The Directors and Officers take pleasure in again expressing their appreciation of the loyal and co-operative services rendered by the employees of the Company.

By order of the Board of Directors.

D. C. Durland,
Chairman and President.

CANADIAN GENERAL ELECTRIC COMPANY
LIMITED

BOARD OF DIRECTORS

H. C. COX	- - - -	Toronto, Ont.
D. C. DURLAND	- - - -	Toronto, Ont.
J. C. MACFARLANE, K.C.	-	Toronto, Ont.
HON. F. B. McCURDY	- -	Halifax, N.S.
R. S. McLAUGHLIN	- - -	Oshawa, Ont.
HON. W. D. ROSS	- - -	Toronto, Ont.
G. HARRISON SMITH	- -	Toronto, Ont.
GERARD SWOPE	- - -	New York, N.Y.
H. M. TURNER	- - - -	Toronto, Ont.
MORRIS W. WILSON	- -	Montreal, Que.

EXECUTIVE OFFICERS

D. C. DURLAND, Chairman and President

Vice-Presidents

H. M. TURNER J. C. MACFARLANE, K.C.

Comptroller	Treasurer
C. E. HIPP	E. I. JENKING

Secretary

W. H. NESBITT

CANADIAN GENERAL ELECTRIC COMPANY LIMITED

HEAD OFFICE

212-218 KING STREET WEST, TORONTO, ONT.

BRANCH OFFICES

HALIFAX, N.S.	FORT WILLIAM, ONT.
SYDNEY, N.S.	WINNIPEG, MAN.
ST. JOHN, N.B.	REGINA, SASK.
QUEBEC, QUE.	SASKATOON, SASK.
MONTREAL, QUE.	CALGARY, ALTA.
SHERBROOKE, QUE.	EDMONTON, ALTA.
OTTAWA, ONT.	LETHBRIDGE, ALTA.
HAMILTON, ONT.	TRAIL, B.C.
LONDON, ONT.	NELSON, B.C.
WINDSOR, ONT.	KELOWNA, B.C.
NEW LISKEARD, ONT.	VANCOUVER, B.C.
SUDBURY, ONT.	VICTORIA, B.C.

MANUFACTURING PLANTS

PETERBOROUGH WORKS	PETERBOROUGH, ONT.
DAVENPORT WORKS	TORONTO, ONT.
WARD STREET WORKS	TORONTO, ONT.
EDISON MAZDA LAMP WORKS	TORONTO, ONT.
VACUUM TUBE WORKS	TORONTO, ONT.
ROYCE AVENUE WORKS	TORONTO, ONT.
CARBOLOY WORKS	TORONTO, ONT.
ROCKFIELD WORKS	LACHINE, QUE.

